

CITY OF ROYAL CITY
Grant County, Washington
January 1, 1991 Through December 31, 1992

Schedule Of Findings

1. Royal City Should Comply With Terms Of Grant Agreements And Improve Internal Controls Over Deposits

Our audit found that a reimbursement claim from the Washington Criminal Justice Training Commission in the amount of \$5,490.21 was handled improperly by Police Chief Noel Ballinger.

The Washington Criminal Justice Training Commission conducts a training program for police officers, which includes a provision for reimbursement to the participating cities for replacement salary and overtime costs incurred. The City of Royal City participated in this training program and sent an officer for training from February 6 through April 24, 1991.

Police Chief Ballinger agreed to work extra hours in exchange for the reimbursement that the training commission allowed, and at the end of the training period prepared a claim for reimbursement in the amount of \$5,490.21, which is the amount that would have been allowed for salary and benefits for the officer who received the training. In accordance with the provisions of the program, the warrant was made out to the city; however, it was endorsed by Mayor Georg Buchheim and Chief Ballinger, and then cashed for personal use by Chief Ballinger.

To support the claim, Chief Ballinger stated that he had worked 330 hours of overtime; however, the police department did not retain time cards or other records which would support the hours worked, and the city did not pay Chief Ballinger for the excess hours claimed.

RCW 43.101.200 provides, in part:

The commission shall reimburse to participating law enforcement agencies . . . the cost of temporary replacement of each officer who is enrolled in basic law enforcement training. (Emphasis added.)

In accordance with this statute, the claim filed with the training commission contains the following certification which was signed by Chief Ballinger:

I hereby affirm that claimant agency is eligible for the reimbursement claimed (an agency with 10 or fewer full-time commissioned officers), and that the claim represents an actual expenditure made in replacing an officer-trainee. Additionally, I understand that payroll records and other documentation of replacement expenditures must be retained locally and made available for purposes of state audit.

In addition, RCW 43.09.240 states, in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the taxing district

Because no time records were kept, we were unable to verify that the hours that were the basis for the claim were actually worked by Chief Ballinger, or that reimbursement was payable to the city under the terms of this program.

Because the money claimed for reimbursement was not deposited with the city treasurer, the revenues and expenditures are not included in the city's financial statements. In addition, the city did not include this compensation in Chief Ballinger's gross wages reported to the Internal Revenue Service, and did not withhold the mandatory taxes and retirement payments from the gross amount, or pay the related employer benefits on this compensation.

We recommend that the city seek recovery of the \$5,490.21 from Police Chief Noel Ballinger. We also recommend that the claim for reimbursement be corrected to reflect only documented hours worked and paid by the city, that any payment due to Chief Ballinger be made through the city's normal payroll process, and that any amount unable to be satisfactorily documented be repaid to the Washington State Criminal Justice Training Commission.

We further recommend that the city strengthen its procedures to ensure that adequate documentation is maintained for future claims, and that all money received by the city is deposited with the city treasurer.

2. City Officials Should Limit Expenditures To Budget Appropriations

Our audit of compliance with budget laws revealed that the city's expenditures exceeded appropriations in the following funds for the 1991-92 biennium:

<u>Fund</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Amount Over Budget</u>
City Street	\$ 60,094	\$ 76,478	\$16,384
Garbage	131,364	132,581	1,217

RCW 35A.34.200 states in part:

The expenditures as classified and itemized in the final budget shall constitute the city's appropriations for the ensuing fiscal biennium. Unless otherwise ordered by a court of competent jurisdiction, and subject to further limitations imposed by ordinance of the city, the expenditure of city funds or the incurring of current liabilities on behalf of the city shall be limited to the following:

- (a) The total amount appropriated for each fund in the budget . . .
- (b) The unexpended appropriation balances of a preceding budget which may be carried forward from prior fiscal periods pursuant to RCW 35A.34.270;
- (c) Funds received from sale of bonds or warrants which have been duly authorized according to law;
- (d) Funds received in excess of estimated revenues during the current fiscal biennium, when authorized by ordinance amending the original budget . . .
- (e) Expenditures authorized by budget modification as provided by RCW 25A.24.130 and those required for emergencies, as authorized by RCW 35A.34.150.

In addition, RCW 35A.34.210 states:

Liabilities incurred by any officer or employee of the city in excess of any budget appropriations shall not be a liability of the city. The clerk shall issue no warrant and the city legislative body or other authorized person shall approve no claim for an expenditure in excess of the total amount appropriated for any individual fund, except upon an order of a court of competent jurisdiction or for emergencies as provided in this chapter.

City officials failed to adequately monitor expenditures, allowing the funds to exceed legal appropriations. Allowing expenditures in excess of appropriations denies the public the opportunity and the right to a public hearing allowed by a budget amendment.

We recommend the city monitor expenditures and amend the budget when necessary to prevent expenditures from exceeding appropriations.